

~~TOP SECRET~~

23 January 1947

MEMORANDUM FOR: MR. CHARLES S. MURPHY
Administrative Assistant to the President
Room 291 State Department Building

SUBJECT: Draft of National Defense Act of 1947

1. In accordance with conversations this morning between yourself, Admiral Sherman, General Norstad, and General Vandenberg, there is transmitted herewith a copy of a proposed draft of the National Defense Act of 1947. This proposed draft includes the revisions which were discussed this morning and which are desired by the Central Intelligence Group.

2. There is also enclosed for reference a copy of the original Presidential Directive of 22 January 1946 establishing the National Intelligence Authority and the Central Intelligence Group. In addition, there is enclosed a copy of N.I.A. Directive #5 for your information in connection with this proposed draft.

3. Copies of this proposed draft have been forwarded to General Norstad and Admiral Sherman.

E. K. WRIGHT
COLONEL, GSC
DEPUTY DIRECTOR

Enc. (3)

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cc: Exec. Office Registry
Central Records (2)
Mr. Pforzheimer ✓

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26 May 1947.

(313)

MEMORANDUM FOR THE RECORD

At the request of Senator Gurney on 24 May, I went up and talked with him this morning. He stated that he was "holding his breath" on Section 202 of the National Security Act, which was coming up for discussion and decision this morning. He stated that General Donovan had been very active on the Hill in opposition to Section 202 and had talked with Senator Gurney, among others, about it.

Senator Gurney then asked me to read two letters and a memorandum from Donovan to him, dated early in May 1947, which included an early top secret JCS paper on the subject, and also General Donovan's letter to Harold Smith, Director of the Budget Bureau, written in 1945. Senator Gurney stated that General Donovan had told him that the clandestine operations should remain with the Army and Navy, and read a sentence in General Donovan's letter which he felt supported this. I told him that my interpretation of that statement was that General Donovan contended that departmental intelligence functions of G-2 and ONI should be retained in the services, but then read him several paragraphs from Donovan's memorandum which specifically stated that clandestine operations should be placed in the Central Intelligence Agency and in no other departments of the Government. This cleared up Senator Gurney's apprehension on the point.

I then commented on Donovan's suggestion that the Agency should be placed under the Secretary of National Defense, indicating that this would not be fair to the State Department components. I pointed out that placing us under the Secretary of National Defense would contain us within the military establishment, which was not the design at all. Senator Gurney agreed on this point.

Senator Gurney asked whether the Admiral had talked with Mr. Cheston and I stated that I thought the Admiral was attempting to make an appointment to see him. I pointed out that General Vandenberg had written General Donovan requesting an appointment, but that Donovan had not answered our letter. Senator Gurney felt that Donovan should have answered the letter, and that this in some measure took the original burden off us in that connection.

Another suggestion in the Donovan correspondence was that Section 202 be deleted in the bill and that the whole matter be thrashed out at the time detailed legislation is submitted. I indicated that it was my feeling that there could be no harm in passing Section 202, as it merely gives legislative status to our present existence, adding that if General Donovan and his associates wished to make a fight on our detailed functions, that would be appropriate at the time our enabling legislation comes up.

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The Director.

29 May 1947.

Chief, Legislative Liaison Division.

(311)

Unification Bill in the House.

1. Reference is made to our conversation, in which you requested information on a report that the House leadership would not take up unification legislation this session.

2. The following confidential information was secured for me from the Chairman of the Rules Committee, Mr. Allen:

a. The unification bill is considered controversial; and once the Party has secured its basic program, (taxes, appropriations, labor legislation, etc.), the House leadership does not contemplate going into further controversial matters.

b. While there has been no definite decision or vote on the matter, current thinking is to let the measure ride for this session and not bring it up.

c. A few Congressmen -- notably Wadsworth of New York -- are eager to bring it out and may be able to force it through the Rules Committee.

3. As Mr. Gamble, (R., N.Y.), told me the other day, Chairman Hoffman of the House Committee on Expenditures in the Executive Departments is perfectly willing to go ahead with the hearings and report out a measure. However, he takes the position that the President himself has delayed action by sending up the two reorganization bills, both of which must be acted upon within 60 days or automatically become law. The Committee, having virtually completed hearings on these two measures, is now faced with a third reorganization bill, (the one on housing), which was sent up this week, and which therefore will delay the merger hearings further.

WALTER L. PFORZHEIMER
Chief, Legislative Liaison Division

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CONFIDENTIAL*Office Memorandum* • UNITED STATES GOVERNMENT

TO : Assistant Executive Director

FROM : Assistant Director, Collection and Dissemination

SUBJECT: Testimony at Merger Bill Hearings

DATE: 27 March 1947

1. Pursuant to your memorandum of 21 March requesting that statements be furnished in as much detail as possible to show the economies which may be expected from the operations of CIG, the individual statements of each Branch of OCD are submitted as Tabs A, B, C and D.

2. In general, the coordinative action of OCD is directed toward increased efficiency of intelligence flow, rather than toward the saving of money. It is clear that duplication and overlap are being eliminated by the operations of the Branches, and material economies in money and manpower should result therefrom. Details are pointed out in the enclosures.

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Captain, U. S. N.
Assistant Director for
Collection and Dissemination

- 4 Encls:
- Tab A - Req. Br. statement
 - Tab B - Collec. Br. statement
 - Tab C - Diss. Br. statement
 - Tab D - Sec. Br. statement

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ECONOMIES INHERENT IN CIG REQUIREMENTS PROCEDURE

1. Requirements Branch surveys all agencies to ascertain their requirements for intelligence and intelligence information. These requirements are formalized into Requirement Directives for the immediate action of the Collection Branch and subsequent action by the Dissemination Branch.
2. When two or more agencies have similar or identical requirements, the collection effort for one can be made to satisfy all others. The mechanics for accomplishing this economy are started in the Requirements Branch by checking all requests for duplication:
 - a. When a request is received which duplicates one already pending, the fact is revealed by the records and a duplicate collection effort is avoided; the only action necessary being additional dissemination of the requested information to the new recipient when the pending collection action is completed.
 - b. When collection and dissemination actions have already been completed, and a new request is received for identical or similar information, the fact is noted so that collection action can be handled in such a way as to take maximum advantage of results previously obtained.
3. In addition, action has been initiated to make surveys of dissemination of intelligence by Government agencies other than CIG. These surveys will disclose any important duplications in the publishing of intelligence, as well as duplications in the dissemination effort. Undesirable duplications will be eliminated and economies will naturally result. It is impossible at the present stage to estimate the actual savings in manpower and money.
4. A specific example of a pending action to consolidate the requirements of all agencies on one particular subject is the current project to coordinate the securing of Harbor Facilities Data. The requirements of all interested agencies will be ascertained and setup in outline form so that concerted collection actions may be executed, under CIG coordination. The responses thereto will be channelled to all the interested agencies. This will eliminate needless duplicate and uncoordinated efforts by numerous agencies to collect and disseminate identical information.

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SUBJECT: Economies Inherent in CIG Collection Procedures.

1. The Collection Branch of the Office of Collection and Dissemination, since its inception, has continually attempted to effect the maximum economy of effort in the collection of intelligence information related to the national security by:

- a. Determining if required foreign intelligence information is available in any governmental department or agency in Washington before initiating collection action in the field, and
- b. Eliminating wasteful duplication and undesirable overlap in the field collection of foreign intelligence information, thereby insuring the most efficient possible utilization of the various departmental collecting and reporting services in foreign areas.

2. With reference to paragraph 1.a. above, each collection request is immediately analyzed upon receipt in the Collection Branch with a view to determining if the required information may already exist in the files of appropriate governmental agencies or in private repositories, such as non-Federal libraries. No collection missions are assigned to field collecting services until the availability search has been completed. In many instances, a portion of a requirement for intelligence information can be satisfied by an exhaustive file search, the remainder of the requirement being directed to the field for accomplishment.

3. Collection Branch action cited in paragraph 1.b. above has been considerably facilitated through the publication of N.I.A. Directive No. 7, dated 2 January 1947, subject "Coordination of Collection Activities", which contains the basic national policies and objectives governing the field collection of intelligence information. This document assigns primary collection responsibilities in specific subject fields to each department represented on the I.A.B. Accordingly, the State Department was allocated the responsibility for field collection of foreign intelligence information relating to political, cultural and sociological matters, the War Department was given the responsibility for similar action relative to military matters and the Navy Department was assigned collection responsibility for naval intelligence. However, in the fields of scientific and economic intelligence information, each department collects appropriate data in accordance with its respective needs. The implementation of this directive by the Collection Branch is eliminating any confusion regarding collection responsibilities of departments in specific subject fields. In addition, by virtue of its scope, N.I.A. Directive No. 7 is affecting the assignment of collection missions by parent agencies in Washington to their overseas representatives, thus reducing duplication of collection action abroad.

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In order to more fully insure coordinated effort on the part of departmental field representatives, this directive also provides that the senior U.S. representative in each foreign area where the United States maintains a foreign service post shall be responsible for the coordination of all collection activities within his area. This provision, together with that which allocates broad categories of agency collection responsibility, should largely prevent unwarranted duplication or overlap in field collection action, since the senior U.S. representative will coordinate the accomplishment of collection missions by assigning them to the appropriate departmental field representative in his area. Among the implementing actions under this program for the coordination of collection, each area coordinator has been directed to establish a central intelligence file and to insure that there is free and unrestricted interchange of intelligence information among the agency representatives attached to him. Thus, the recognized secondary need of a member department for intelligence material usually prepared or obtained by other departments will be satisfied. A provision is also included to insure the full interdepartmental flow of intelligence material in Washington as well as in foreign areas.

With reference to the above statement that each agency collects scientific and economic intelligence information in accordance with its respective needs, when a collection requirement for intelligence information in these subject categories is received, coordinating conferences, attended by agency collection representatives, are held by the Collection Branch. These conferences result in decisions as to which department is assigned the primary collection responsibility for each element of the requirement.

4. The Collection Branch is also implementing the provisions of N.I.A. Directive No. 6, one of which established the Interdepartmental Committee on the Acquisition of Foreign Publications as a subordinate agency of the N.I.A. The Interdepartmental Committee is presently engaged in the coordination of the cooperative acquisition of foreign publications, and in establishing policies and procedures for the maintenance of comprehensive collections of library materials in appropriate locations, the rapid exchange and loan of such materials and the distribution of bibliographical information. This Committee is also engaged in formulating recommendations to make available to the Government, with minimum duplication, all foreign library materials necessary to the conduct of the public business and to the national security.

5. In view of the fact that the coordinating policies and procedures, established by the C.I.G.-sponsored directives discussed in the foregoing paragraphs, are still in the process of implementation by the member agencies of the I.A.B. and by C.I.G., it is not deemed possible to estimate resultant savings in money or manpower at this time. It is felt, however, that continued vigorous application of the enunciated principles governing the coordination of collection, under the staff supervision of the Collection Branch of this Office, will, in time, result in substantial savings to the Government.

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CONFIDENTIAL**ECONOMICS IN CIG DISSEMINATION PROCEDURE**

1. The primary functions of the Dissemination Branch to date have been to receive, sort out, and appropriately distribute within CIG all agency intelligence information, to disseminate CIG intelligence information and intelligence, and to review the disseminations already made by OSO and the departmental agencies, to insure the completeness of appropriate dissemination. The importance of the functions are apparent, but no monetary saving can be indicated.

2. A study is currently underway on the feasibility of establishing an interdepartmental reading panel in the CIG Reading Center, which if effective, should result in a saving of manpower and money to the agencies as well as improve the efficiency of interdepartmental dissemination. No estimate of savings can be made until final working arrangements are made with the agencies. The substance of the plan is as follows:

a. Heretofore, all NIA member agencies have necessarily assigned personnel to the task of determining dissemination of material to other agencies. One of the agencies has a well established reading center with interdepartmental representation, and another agency is now experimenting with a similar interdepartmental operation. If this trend should continue, all the principal agencies having intelligence functions related to the national security would feel the need to maintain an interdepartmental reading center. Obviously, this would be a wasteful and uneconomical development.

b. Procedures and plans being developed by the Dissemination Branch contemplate that CIG will maintain a central interdepartmental reading center, where representatives may meet and examine all material appropriate to their respective agencies. Through this reading center will flow all the U.S. Government's foreign intelligence related to the national security. Thus, instead of sending representatives simultaneously to several reading centers, each agency can send the minimum number of representatives to the central reading center and be sure of complete coverage. A material saving in officer personnel, courier and clerical staff should result. It is also hoped that operation of the central reading center will enable CIG more readily to detect unnecessary duplications of published intelligence, and otherwise coordinate to reduce needless waste of government reproduction facilities used for dissemination.

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ECONOMIES INHERENT IN CIG SECURITY POLICY PROCEDURES

1. In view of the uncertainty surrounding organizational plans for the Security Branch, OCD, it is not yet possible to analyze the economies that may result from its operations. With its present limited function and lack of personnel no instances have come to mind where the Security Branch has been positively able to eliminate duplication and overlap arising from similar function in other agencies. Any potentialities in this direction are contingent upon high policy decisions not yet reached.

2. It might be observed parenthetically that with the activation of an Office of Security as approved in the tentative Table of Organization, that Office might, under a unification system, be able to absorb functions now performed by Joint Security Control and possibly the advisory functions of the Security Advisory Board.

3. To the extent that unification measures would envisage the centralized coordination of security aspects of intelligence operations of the Army, Navy, Air and State Departments, increased efficiency would be expected and, ultimately, savings in personnel.

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MEMORANDUM TO: Assistant Executive Director

SUBJECT: Testimony at Merger Bill Hearings

REFERENCE: Paragraph 3 of Memorandum, same subject as above from Assistant Executive Director to Assistant Directors for Operations, Collection and Dissemination, Reports and Estimates and Chief, ICAPS, dated 21 March 1947.

1. The mission of CIG, as directed in paragraph 1 of the President's Letter of January 22, 1946, that all Federal foreign intelligence activities be planned, developed and coordinated so as to assure the most effective accomplishment of the intelligence mission related to the national security, precludes a monetary saving insofar as the activities related to this office are concerned. Such a saving would be possible if the various intelligence agencies subject to the above Directive had independent intelligence facilities adequate for their own needs. Then a coordinated effort could produce substantial monetary and personnel savings. The existing situation, however, not only does not provide for savings but may well result in an increased overall cost if the mission of CIG is to be accomplished.

2. On the assumption that adequate intelligence facilities to insure the national security are to be provided the present and planned ORE program does include many phases which should result in economy of both money and personnel. Specific examples of the above include:

a. Production of Intelligence Reference Manuals. The preparation of an outline for, coordination of the production and maintenance of, and the editing, publication and dissemination of Intelligence Reference Manuals should result in a material saving in both money and personnel as compared to separate production by the various agencies of the Government. Under the assumption that the four Government agencies, State, War, Navy, and Air Forces, produce manuals independently it is estimated that at least a fifty per cent net saving could be effected through a centralized procedure. The end product should be better also.

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b. Present Machine Record Program. Reference Branch is presently maintaining machine records regarding all domestic sources of foreign intelligence. These records are available to State, War, Navy, Air Forces and other eligible Government agencies and preclude the necessity of each such agency duplicating or maintaining like records. Although no accurate estimate can be made of the economy effected by this Central Register, the savings achieved by elimination of duplicate records in each intelligence agency, or various offices in any one agency, are readily apparent.

c. Planned Machine Record Program. In addition to maintaining records regarding domestic sources of foreign intelligence, the Reference Branch will establish similar machine records regarding important foreign personalities, foreign industries, and all recorded foreign intelligence in the form of reports, documents, research studies, or graphic material. These records will also be available to all eligible Government agencies. The advantage of having all this information accessible at one source will obviate many current duplications in the fields of collection and research and will also make available to each agency many times the information which it, acting independently, could hope to obtain.

3. Potential savings in both manpower and money could be derived from the coordinated conduct of intelligence activities and services of common concern which can be accomplished more efficiently by centralized operation, such as, photographic interpretation, biographic intelligence, scientific intelligence, intelligence reports, reproduction and publication, and all intelligence services which can be performed by machine records.

J. KLAHR HUDDLE
Assistant Director
Reports and Estimates

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CENTRAL INTELLIGENCE GROUP

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Mar. 25, 1947

TO	DATE	FROM	TO	DATE
		DIRECTOR OF CENTRAL INTELLIGENCE		
		DEPUTY DIRECTOR, C.I.G.		
		ASSISTANT TO THE DIRECTOR		
		SECRETARY, N.I.A.		
X		Assistant Executive Director		
		CHIEF OF OPERATIONAL SERVICES		
	3/25/47	Deputy Assistant Director, Office of Operations		
		CHIEF, CENTRAL PLANNING STAFF		
		Policy & Review Branch		
		Information Branch		
		Intelligence Branch		
		Security Branch		
		Support Branch		
			CHIEF, CENTRAL REPORTS STAFF	
			W. Europe-Africa Branch	
			E. Europe-USSR Branch	
			Middle East-India Branch	
			Far East-Pacific Branch	
			Western Hemisphere Branch	
			ADMINISTRATIVE OFFICER	
			Personnel Branch	
			Budget & Fiscal Branch	
			Administrative Services Branch	
			Central Records	
			Security Branch	

REMARKS:ENCLOSURES:

☐ ACTION ☐ DIRECT REPLY
☐ RECOMMENDATION ☐ COMMENT
☐ SIGNATURE ☐ FILE
☐ INFORMATION ☐ NOTE
☐ RETURN ☐ MAIL
☐ PREPARATION OF REPLY

REMARKS: SUBJECT: Testimony at Mergers Bill Hearing

The following information is supplied to you in reply to your memorandum 21 March 1947, concerning the methods by which CIG effects monetary and manpower savings by eliminating duplication and overlapping in the collection of intelligence. Unfortunately, it is impossible to give specific savings in either money or manpower. This is because the functions of the Office of Operations are either unique - as the FBIB - or represent the first effort in a new field such as Contacts or Documents. It is not felt that contrast with war conditions gives a fair or accurate picture, inasmuch as most intelligence efforts originated during the war to meet a pressing need and have never before been attempted in peacetime.

I. Foreign Broadcast Information Branch:

This Branch which was originally under the Federal Communications Commission and later under the War Department, is the only office in the government which performs the function of monitoring foreign radio broadcasts. As such, it provides an essential service for nearly every branch of the government, as well as a vital service for the intelligence agencies.

(Continue "Remarks" on back, if necessary)

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Our immediate post-war efforts with the FBIB have been directed towards establishing the most efficient monitoring stations throughout the world. Currently, material gathered by the FBIB is provided General Marshall in Moscow, to assist him in his negotiations with the Russians. It is felt that this central service provides information that could not possibly be duplicated through individual effort on the part of the various government departments.

II. Documents Branch:

CIG is now in process of coordinating and centralizing the exploitation of documents containing intelligence information. In so doing, CIG has taken over the Washington Document Center, primarily an operation of the Navy, but functioning as a joint Army-Navy venture. This initially eliminated the double staff necessitated by being a joint merger, with the result that one set of executive, administrative and message center personnel could be eliminated. A second documents group run by the Army is now being amalgamated into this Branch. As a result of the establishment of a central documents section, it will be possible to reduce the number of administrative personnel, coordinate the reproduction of documents into a central organization under the CIG, stop overlapping of translations, concentrate all individuals concerned with documents in one place, and institute other economies resulting from the combination of two services into one.

As a result of the establishment of the central documents center, military services will be able to reduce the amount of checking necessary when two different organizations were doing the work. Other economies have been effected by the concentration in one place of highly skilled linguists and translators.

III. Contacts Branch:

(It is recommended that if the hearing before Congress is "open", the Director refrain from mentioning the subject of commercial contacts).

There is no possible comparison between the function now being performed by CIG in collecting intelligence from sensitive contacts, and previous work in this field. During the war the Army service forces had approximately 1,340 individuals engaged in this work. However, most of this was in an effort to obtain target information. The work that CIG is now doing, is expected to obtain far greater volume of positive foreign intelligence information from these sources, than has ever been obtained in peacetime by the U.S. intelligence services. This task will be performed by approximately 140 individuals through a system of coordination of military services. All duplication in effort has been eliminated with a resulting increase in both the quantity and quality of information obtained.

GEORGE G. CAREY

Deputy Assistant Director

Office of Operations


23 January 1947

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MEMORANDUM FOR: MR. CHARLES S. MURPHY
Administrative Assistant to the President
Room 291 State Department Building

SUBJECT: Draft of National Defense Act of 1947

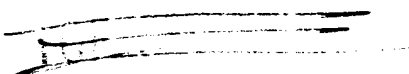
1. In accordance with conversations this morning between yourself, Admiral Sherman, General Norstad, and General Vandenberg, there is transmitted herewith a copy of a proposed draft of the National Defense Act of 1947. This proposed draft includes the revisions which were discussed this morning and which are desired by the Central Intelligence Group.

2. There is also enclosed for reference a copy of the original Presidential Directive of 22 January 1946 establishing the National Intelligence Authority and the Central Intelligence Group. In addition, there is enclosed a copy of N.I.A. Directive #5 for your information in connection with this proposed draft.

3. Copies of this proposed draft have been forwarded to General Norstad and Admiral Sherman.

E. K. WRIGHT
COLONEL, CSC
DEPUTY DIRECTOR

Enc. (3)

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cc: Exec. Office Registry
Central Records (2)
Mr. Pforzheimer

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**MATERIAL PROPOSED BY DIRECTOR OF CENTRAL INTELLIGENCE
FOR INCLUSION IN THE PRESIDENT'S "STATE OF THE UNION"
MESSAGE TO CONGRESS, JANUARY 1947.**

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The vital and urgent need of this nation for effective foreign intelligence has been amply demonstrated both by our pre-war and war-time experiences. This need has been recognized in the Congress by a number of bipartisan committee recommendations. During this atomic age in which the United States has pledged its fullest energies to the establishment and maintenance of a just and lasting peace, our statesmen who are charged with this heavy responsibility must not be asked to steer the ship of state over an uncharted course. The difficult and far-reaching decisions they are called upon to make must be based upon a clear knowledge and understanding of present and probable future developments in other countries if we are to live with them in peace and security. We have also learned from bitter experience that responsibility must be placed on one agency to ensure that this essential information pertaining to our interests in foreign lands is collected, interpreted and distributed to appropriate officials in cooperation with existing facilities such as the Foreign Service. Therefore, in line with the apparent desires of the Congress and in view of the demonstrated urgency, I directed last January the establishment of a National Intelligence Authority composed of the Secretaries of State, War and the Navy and my personal representative, Fleet Admiral Leahy, to plan, develop and coordinate all Federal foreign intelligence activities. To assist this Authority, there was created a Central Intelligence Group under a Director of Central Intelligence who was charged with performing those intelligence services of common concern which could be more efficiently accomplished centrally, including coordination of departmental intelligence activities, and the production and dissemination to appropriate Government officials of strategic and national policy intelligence. This organization during its year of existence has clearly proved itself an effective and essential instrument of Government. To realize its full capabilities, however, this agency should have the benefit of permanent authorization from the Congress. I therefore urgently recommend that Congress give early consideration to the passage of enabling legislation for the National Intelligence Authority and a Central Intelligence Agency so that never in the future will our national interests or security be placed in jeopardy for lack of accurate and timely intelligence concerning foreign developments.

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